

PROMOTION OF A PRODUCT

A CASE STUDY APPROACH

OF RINSO.

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Scope of Study

Firstly, the study will examine the product and the company involved in the study. In this examination the study will outline briefly the history and the structure of the company. Then the study will evaluate the market characteristics of the product and competition encountered by the product. Then the history, structure and problems of the Malayan promotional environment will be discussed briefly. On promotional objectives of the product, the scope will be to point out why such objectives have been adopted. On the topic of promotional mix, the scope will be to emphasise mainly on sales promotion and advertising. In advertising the advertising objectives, the types of advertising etc. will be discussed widely. This then will be followed by outlining the different types of media used in the promotion of Rinso. The criteria for choosing these medias for the product will also be

1 See Management of Promotion by Edward L. Bink and William T. Kelley published in 1963.

dealt with briefly. Then the different types of promotion and when and why they are executed at certain periods will be discussed. This will be followed by outlining the various methods used by the company in allocating their promotional budget for the product and the reasons for implementing such methods will also be discussed. The scope of the study then

CHAPTER I

INTRODUCTION

An evaluation of the success of the sales promotional activities and advertising will then be dealt with briefly. Here an objective of study is to the various methods of measuring advertising effectiveness and problems encountered thereof. Lastly, the

Marketing function which organises and directs the flow of goods and services from the producers to the consumers consists of various fields. One of them is the promotional field. Promotion in the words of Edward L. Blink and William T. Kelley is defined as 'the co-ordination of all seller-initiated efforts to set up channels of information and persuasion to facilitate the sale of a good or a service or the acceptance of an idea.'¹ It is the primary objective of this study to examine and analyse these promotional efforts as carried out by a specific firm for a specific product. The firm selected for this purpose is the Levers company and the product is Rinso. In examining and analysing the promotional efforts the study will consider the promotional objectives and the promotional mix of the firm in relation to the product. Then the study will probe into the promotional strategy of the product and will evaluate the success of this strategy execution. Then the study will look into the promotional cost and the promotional problems encountered. Lastly, the study will give the way of solutions to the problems that face Levers in the promotion of Rinso. manager of the firm, Mr. Seet Tiang Siew, at his office and handed over the questionnaire. Mr. Seet then asked the promotion manager

Scope of Study The writer with the necessary answers. The writer was thus able to write down accurate answers to each of the questions. Firstly, the study will examine the product and the company involved in the study. In this examination the study will outline briefly the history and the structure of the company. Then the study will evaluate the market characteristics of the product and competition encountered by the product. Then the history, structure and problems of the Malayan promotional environment will be discussed briefly. On promotional objectives of the product, the scope will be to point out why such objectives have been adopted. On the topic of promotional mix, the scope will be to emphasise mainly on sales promotion and advertising. In advertising the advertising objectives, the types of advertising etc. will be discussed widely. This then will be followed by outlining the different types of media used in the promotion of Rinso. The criteria for choosing these medias for the product will also be the value of this study lies in its completeness. The writer considers that this study

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dealt with briefly. Then the different types of promotion and when and why they are executed at certain periods will be discussed. This will be followed by outlining the various methods used by the company in allocating their promotional budget for the product and the reasons for implementing such methods will also be discussed. The scope of the study then is to look into the various research activities as carried out by the firm on such topics as advertising message research, media research, motivation research etc. An evaluation of the success of the sales promotional activities and advertising will then be dealt with briefly. Here emphasis will be given to the various methods of measuring advertising effectiveness and problems encountered thereof. Lastly, the general promotional problems faced by the firm will be discussed briefly. Then the writer would give the necessary recommendations to solve these problems together with some new ideas to improve the present position of the company as far as the promotion of the product is concerned.

The writer, as soon as he received the topic for his study Research Methodology personal Director of the company who agreed to draw up a programme for early March so that the writer may be able to get at

The Sources from which information and data were obtained for the study can be divided into 2: Primary and Secondary. Here primary source denotes the direct source, that is the firm involved in the study. It was from this source that information regarding promotional objectives, promotional strategy, promotional mix and promotional cost of the product were obtained. The type of method used in collecting this primary data and information was the questionnaire method. The questionnaire was presented to the firm by way of personal investigation. The writer personally met the marketing manager of the firm, Mr. Seet Tiang Siew, at his office and handed over the questionnaire. Mr. Seet then asked the promotion manager Mr. Chew to provide the writer with the necessary answers. The writer was thus able to write down accurate answers to each of the questions. The next source from which relevant data and information were obtained was the secondary source. This source is composed of the government departments such as the Statistics department, Television department, private institutions such as the Rediffusion department, Lintas Advertising Agency, academic books which give the actual principles involved in the field of promotion and some magazines such as the one being published by Levers monthly for their employees with the name of 'Matalever'.

Limitations of Study

The main purpose of this study was to secure the necessary facts concerning the promotional activities of 'Rinso'; therefore the value of this study lies in its completeness. The writer considers that this study is incomplete in the sense that the information provided by Mr. Chew, the promotional manager of the firm was 'Censored'.

The answers provided by the respondent were only general and specific information such as figures and data relating to promotional costs etc. were given only in percentage figures and sometimes they were even withheld. Thus the writer considers that without the actual figures he cannot paint an exact picture of the promotional activities of the firm, in relation with the product. The explanation given for this limitation by the respondent was that there was a danger that this figures if revealed might fall in the hands of their competitors and they might use the figures to counter-attack the promotional strategy of Levers. This might be a cause for their sales to drop in the future. Other than the interviews the internal records of the firm such as the financial records could have supplied the other facts sought by the writer. But it is rather sad that the writer was not given a free hand to examine them and obtain the necessary information sought by him. Other than these 2 main limitations there were a few minor ones such as the unresponsive attitude of the firm during the early stages when the writer began to collect information and data for the study. using washing detergent which was yet to become popular. Further, there was no

The writer, as soon as he received the topic for his study made contact with the personal Director of the company who agreed to draw up a programme for early March so that the writer may be able to get all the information and data he required. But the writer did not receive any such programme till the first week of March. Hence the writer wrote to the company to enquire why the programme was not sent. Since there was no reply from the company the writer decided to go personally to the company. He was told to meet Mr. Seet who completely refused to co-operate at first. Then with much persuasion he agreed to give only 'general' details and information. The 'Red Tape' in the communication between the writer and the company should also be considered as another minor limitation.

In 1955, Levers decided to introduce a new brand 'Rinso' into the market. Unlike Surf and OMO this was not a washing detergent but was a washing powder made from soap flakes. This too became a failure because it made too many claims; extra soapy, washes all kinds of textiles, even china, glass etc. Thus an image of an odd-jobber was created. In short, Rinso was considered as a jack of all trades and a master of none.¹ Since this is the age of specialisation, it is not surprising that Rinso did not survive in the market.

It should be noted that Rinso had only a very limited life-span of 3 years. It was owing to these initial failures that Levers could not establish themselves firmly in the country until 1960. It is interesting to note that Levers comparatively took a longer time than is usually taken by any other companies to get themselves established in a strong position. In January, 1960

¹ See 'Matalevar' magazine published on November, 1967.

CHAPTER II

EXAMINATION OF THE PRODUCT AND THE COMPANY

Brief Outline of the History of the Company

The company was established in 1951 with the primary aim of producing soap, glyzerine and edible oils. The latter 2 were to be produced from the by-products of the former product. When the company started production in 1952 the trend in Malaya was to use hard soap for washing purposes rather than using washing detergent which was yet to become popular. Further, there was no stiff competition for Levers in the soap market during this period. Hence they were able to hold 75% of the soap market. Since then steady progress has been made both in production and in the increase in the number of products in the product line. Surf, a popular brand in washing detergent in Britain was introduced into the Malayan scene in 1954 and this was followed by the introduction of OMO, another British brand, a year later. Both proved to be a failure owing to the fact that the market for detergents during this time was very limited. The market for detergent was composed of those British people who came to live here and those Malayan people who formed the lower upper class. The larger part of the market was still not used to the idea of using washing detergent yet.

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Levers took over from their agents the function of distribution and began selling their goods direct to the trade. This process of complete gradual takeover of distribution from agency houses was completed by the end of 1961. The market research department of Levers found through their surveys that the reason for the failure of Surf and OMO was that they did not suit the Malayan consumers' taste and preference. This was primarily due to the fact that these products were imported from Britain and hence they were suited only for British conditions and environment. Levers therefore decided to produce their own washing detergent in Malaya itself in order to satisfy the Malayan housewives' taste and preference. Further, as early as October, 1957 Mr. G.D.A. Klijnstra, then the Unilever contact director for this part of the world, in a press interview said, 'It is an integral part of being in Malaya that we will eventually expand the factory and might extend the range of products being imported now will be made locally.' In addition to this Levers began to realise the fact that a company like theirs if it wants to continue to be competitive in the market, must introduce new products or new brands of a product line if they are to sustain their long run growth and profitability. Hence Levers decided to take another notable step towards the growth of the company - the building of a Non-Soapy Detergent (NSD) plant in 1961. Because of this fact, they consider that the money spent on the purchase of washing detergent would be proven worth. Hence naturally the Chinese would not like to consume Breeze because of the fact that Levers (Malaya) Co. Ltd. is a company of British origin. It was started at first as a subsidiary of British Levers Co. Ltd. But after independence when our government introduced the pioneer status for industries in order to increase capital investment in the country it decided to float shares in the local market. The shares were on 49 - 51 % basis. That is, the British were to hold 49% and only 51% of the paid-up capital was issued out as shares in the local market. The company like all the others is managed by a board of directors, who are elected by the general meeting of the shareholders. The general manager of the company is the secretary to the board of directors and he is the top level man in the hierarchy of the organisation of the company. Below him are the various departmental heads who assist him in the function of running the firm day to day. Levers considered that selling 2 brands in the same market simultaneously is by no means likely to increase for some years ahead. Levers considered that selling 2 brands in the same market simultaneously is by no means likely to increase for some years ahead. Levers considered that selling 2 brands in the same market simultaneously is by no means likely to increase for some years ahead.

Company Structure

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Market Characteristics of Product

When Levers completed their new NSD plant they introduced Breeze as a new washing detergent in 1962. It should be noted here that the chief competitor for Levers during this time was the Colgate and Polmolive Co. Ltd. and their brand was Fab. Levers company to conduct tests in a zone without disturbing the rest of his territory or sales area. The zone usually selected for such kind of call

1 See 'Matalever' magazine published on January, 1962. Kuala Lumpur, a city, was selected for the zone campaign. The main

Breeze was unable to penetrate the market owing to the fact that Fab was much more suited to Malayan conditions. Further, the failure to break through was also partly due to limited supply of the ingredients that were needed for the production washing detergent. Alkane, the main ingredient of detergent is a byproduct of petrol. Since most of the petroleum fields of the world were controlled by the Americans and since Levers are of British origin, they could only have a limited supply. Further, Levers considered in the past that Malaya did not possess a potential market for washing detergents. Hence they did very little research in the field of NSD. By the end of 1966, Levers began to realise the fact that Breeze alone would not be able to break through Fab's monopoly in the market.

Further, they found that only a certain segment of the population preferred Breeze and that a larger segment preferred Fab. Levers found by their market research that only Malays liked to buy Breeze whereas most of the Chinese preferred Fab. The reason for this was that the Malays preferred a smell after their washing and since Breeze gave this they consumed it. On the contrary, the Chinese were a hard working people and the money they earn is always hard earned money and hence they feel that whatever they consume they must get the money's worth. Because of this fact, they consider that the money spent on the purchase of washing detergent would be proven its worth if it washes their clothes whiter and brighter. Hence naturally the Chinese would not like to consume Breeze because of the fact that it is being advertised that it will clean your clothes until you can even smell the cleanliness and not as that it will clean your clothes whiter and brighter. So Levers consider that to concentrate on the former segment alone would deprive of large sales which could be secured by carrying out a policy of submerging the name of the company and using different brand names for 2 varieties of a product. Thus in order to attract the Chinese segment Levers decided to introduce another brand of washing detergent. Thus Rinso was launched in October, 1967 with the aim of segmenting the market in order to thwart Fab's monopoly of the market. Although the name is old new Rinso has a new body as well as a new look.

Further, it was thought by Levers that market for synthetic detergent was yet to be overcrowded and hence consumption was likely to increase for some years ahead. Levers considered that selling 2 brands in the same market simultaneously is by no means an easy operation. Hence they decided to sell it on a small scale that they can control. Thus it would be possible for them to discover and correct any weaknesses that may exist in the product, in the selling method or in any other activities before too much damage has been done to their finance and reputation. Hence a policy called Zone Plan was introduced. This policy enable a company to conduct tests in a zone without disturbing the rest of his territory or sales area. The zone usually selected for such kind of campaign is a town, city, state or sales area. In our case, Kuala Lumpur, a city, was selected for the zone campaign. The main

reason for selecting Kuala Lumpur was that it was heavily populated by Chinese, the segment that Leverst want to penetrate through. Further, the medias such as Television, Rediffusion etc. are very prevalent in Kuala Lumpur. Hence this make it possible for Lever's to heavy promotion for the product. Thus they hope to break through Fab's monopoly in the city. They have decided to expand the market for Rinso if it success is proven in the test market.

MALAYAN PROMOTIONAL ENVIRONMENT

So far we have looked into the brief history and structure of the promotional environment and the relationship with the producer.

Brief History and Structure

In Malaya, the promotional industry, is composed of three parties. At one end is the company or the man, whatever the case may be, whose product is to be promoted; at the other, the owner of the media both public and private, who delivers the promotional message. In between this two ends is a unique entity known as the advertising agency. In the late forties and fifties promotion was carried out through the limited medias available by the producer himself without the help of an advertising agency. With the advent of the sixties advertising agencies were developed owing to the fact that the producer found that because the business has become more complex he could not at the same time produce, distribute and promote the product. Hence the tendency was to leave promotion to outside agencies so that they could concentrate on the other spheres of marketing such as distributing, pricing and carrying out research activities. Further the increase in population, industrialisation of the country and the increase in the number of medias did also contribute to the development of advertising agencies.

In addition the advertising agencies helped their clients by providing many collateral services. Some of these services were such as giving marketing counsel, preparing materials that the sales man can use during his personal selling campaign. Thus these further helped in the development of advertising agencies. Companies such as Pearl and Dean Company and Lintas Advertising Agency Ltd. were developed and their main job was to implement the advertising programme of their clients. To-day advertising agencies handle a substantial portion of the national consumer advertising.

The job of the advertising agencies is to plan, create and place effective advertising. The agency will create the keynote idea and prepare the actual advertisements; recommend the media; forward the advertisements to the medias; pay the medias with its own funds and submit its own itemised account to the clients.

The great amount of attention we have given to the advertising agency might give the wrong impression that the agency forms the whole of the advertising organisation. Virtually every company who has an advertising agency also has an advertising department. This department is usually headed by the advertising manager or the promotional manager as he is - 7 - now called, who acts as a liaison officer between the company and the agency. The duties of

liaison officer between the company and the agency. The duties of the promotional manager are to select the right type of agency needed for the company; to outline the promotional policy and objectives and to keep it (the agency) informed of changes in these matters; to approve and recommend the plans, ideas submitted by the agency to the management; and to see that the agency carries out the advertising programme of the company effectively and efficiently at the minimum cost and within the budget allocated.

CHAPTER III

MALAYAN PROMOTIONAL ENVIRONMENT

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So far we have looked into the brief history and structure of the Malayan promotional environment and its relationship with the companies who want to promote their products. At this juncture our discussion on the Malayan promotional environment would be incomplete without going through the problems facing it.

Problems Facing Malayan Promotional Environment

The problems facing the Malayan promotional environment are not similar to those of other countries in the sense that they are unique in nature from them. The primary problem faced is the high rate of illiteracy prevalent in Malaya. Since the mass of the population is uneducated, promotional messages delivered by the various advertising agencies would not be understood and hence a major portion of the populace would not be aware that the product exists in the market. Thus promotional programme of any company becomes ineffective in that it fails to achieve what it proposes to do, that is creating product awareness, recognition and insistence. Another problem is the existence of plural society in Malaya. Owing to the fact, that Malaya is composed of 3 major racial groups any company that wants to capture the market has to prepare all its promotional messages in 3 different languages. Thus the company is compelled to spend thrice the amount that would normally be needed in a country where only 1 racial group existed. Another problem is the fact that the per capita income for our country is very low compared to many Western countries. The average income of a family in most parts of Malaya is so low that they cannot afford to possess any media that might carry the promotional message. For example, in the rural area it is a rarity to see a radio due to the fact that they either cannot afford it or there is no supply of electricity. Hence any promotional programme implemented by the company becomes ineffective in the sense that only a limited number of consumers hear it.

Lastly, the population is very scattered in the rural areas where the major portion of the population reside. Hence it is very expensive for the company to carry out promotional drives such as sales promotion and personal selling. This is due to the fact that if a company wants to employ personal selling as a method of promotion it has to have a very highly trained sales force and to maintain it the company would have to incur heavy expenses.

have switched from Rinso to the competing brands, to open the door for sales men thereby enhancing an easy passage to the various homes of the consumers, to meet the activities of the competitors, to keep the prestige and reputation of the company before the consumer and to maintain the patronage habits of the present consumers.

CHAPTER IV

It should be stated here that the promotional objectives of a firm to be effective must be integrated with the firm's other objectives such as research objectives etc. Levers have integrated their promotional objectives with their other objectives and hence it is not surprising that

PROMOTIONAL OBJECTIVES OF THE PRODUCT

The implementation of the promotional efforts of any company is dependent to a large extent upon the firm's promotional objectives. It is a universal fact that if one wants to achieve something he or she must have certain goals. The same is true in the case of the firm which wants to carry out the promotion of its product. In another words, it should have certain promotional objectives to achieve the results that are desired. As far as Levers is concerned they have a number of promotional objectives towards their product Rinso.

The first promotional objective of Levers is to make consumers aware that Rinso exists in the market. In another words, the objective is to create what is called in marketing terms as product recognition among the consumers. It should be stated here that promotion does not in itself create the sale, rather it makes the potential buyer aware of what is available, with what properties, at what price and where it is sold. Therefore, it is only natural that this becomes the first objective in the promotion of Rinso.

The second objective is to create an atmosphere so that a favourable desire to purchase Rinso is developed among the consumers. In another words ideas are conveyed such that willingness or inclination to purchase Rinso is increased tremendously thereby expanding the market coverage. This is termed as product preference.

The third objective is to make the people buy and consume Rinso instead of other rival brands like the Fab washing detergent. In another words the company aims to counter attack substitution and hence great stress is given on the particular features of the product. This in marketing is termed as product insistence.

These 3 major objectives can be combined together to be stated as a single objective. That is, all these objectives intend to shift the demand curve of the consumer from the left to the right thereby increasing the sales of their product Rinso.

The minor objectives of the firm are to educate the consumer about washing detergent, to regain those consumers who

have switched from Rinso to the competing brands, to open the door for sales men thereby enhancing an easy passage to the various homes of the consumers, to meet the activities of the competitors, to keep the prestige and reputation of the company before the consumer and to maintain the patronage habits of the present consumers.

It should be stated here that the promotional objectives of a firm to be effective must be integrated with the firm's other objectives such as the pricing objectives, marketing research objectives etc. Lavers have integrated their promotional objectives with their other objectives and hence it is not surprising that their promotional objectives are effective.

Promotion of any product can be classified into 3. They are sales promotion, personal selling, sales promotion and advertising. In the case of some products only one type is used for promoting them but Rinso Lavers use all the 3 types of promotion. This is due to the fact that Rinso is in the market testing stage and hence all available forms of promotion have to be used to induce the consumers to try the new product.

Personal Selling - aggressive well-timed efforts which supplement advertising and sales promotion. These efforts

The first type of promotion, personal selling, is defined as the oral presentation of a product in a conversation with prospective buyers by an organised sales force of a company with the primary objective of effecting sales on the spot. The presentation may be either formal or informal. Further it can be either in the physical presence of the consumers or by telephone. Lavers consider it as important as well as economical to carry out personal selling during the market testing stage owing to the smallness of the sales area.

It is important in the sense that Rinso is entirely new to the market and therefore without personal selling direct contact with the consumers would not be established and hence Lavers would not be able to obtain such information as how big the market is and who are the consumers of the product and what are their buying habits. Since our economy is consumer orientated, that is the consumer is regarded as the sovereign in the market and who ever do not oblige him would be driven out of the market. Hence it is important for Lavers to know about the consumers reaction towards Rinso products. It is economical in the sense that personal selling is limited within the city limits of Kuala Lumpur, Petaling Jaya and their suburbs. Therefore the area covered is very small and hence very little expenditure is incurred by way of maintaining a well-trained sales force.

On the contrary, if Rinso was sold through out the country it would not be economical to implement personal selling as a form of promotion because heavy expenditures have to be incurred in maintaining a large well trained and efficient sales force. Further, as it is being not economical - 11 - Lavers will consider it unimportant to carry out this form of promotion.

In addition, Levers consider that personal selling brings about a direct effect on sales unlike the other 2 forms of promotion whose effects are indirect towards sales. Moreover, it is argued that since direct contact is established with the target group through personal selling, it is easy for the sales man who is very specialised in his field, to induce and convince the consumer into buying Rinso through his conversation with the latter. On the contrary, sales promotion can only influence and change consumers' buying habits when they are repeated for a number of times because there is a danger that the consumer might completely forget the product.

CHAPTER V

PROMOTIONAL MIX OF THE PRODUCT

The promotional mix of any product or the different types of promotion of any product can be classified into 3. They are namely, personal selling, sales promotion and advertising. In the case of some products only one type is used for promoting them but in Rinso Levers use all the the 3 types of promotion. This is due to the fact that Rinso is in the market testing stage and hence all available forms of promotion have to be used to induce the consumers to buy the new product.

In a specific sense, sales promotion is a term used to aggressive well-timed efforts which supplements all the companies advertising and personal selling. These efforts are directed towards the first type of promotion, personal selling, is defined as the oral presentation of a product in a conversation with prospective buyers by an organised sales force of a company with the primary objective of effecting sales on the spot. The presentation may be either formal or informal. Further it can be either in the actual presence of the consumers or by telephone. Levers consider it important as well as economical to carry out personal selling too during the market testing stage owing to the smallness of the sales area. It is important in the sense that Rinso is entirely new to the market and therefore without personal selling direct contact with the consumers would not be established and hence Levers would be unable to obtain such information as how big the market is and who are the consumers of the product and what are their buying habits. Since our economy is consumer orientated, that is the consumer is considered as the sovereign in the market and who ever do not oblige him would be driven out of the market. Hence it is important for firms such as Levers to know about the consumers reaction towards their products. It is economical in the sense that personal selling campaign is limited within the city limits of Kuala Lumpur, Petaling Jaya and their suburbs. Therefore the area covered is very small and hence very little expenditure is incurred by way of maintaining a large well-trained sales force.

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Sales Promotion other type of premium is termed as combination sale. Here an extra package of the product is offered at the price of one package. In a specific sense, sales promotion is a term used to designate those aggressive well-timed efforts which supplements all the companies advertising and personal selling. These efforts are directed primarily at stimulating the purchase of the prospective buyer. Sales promotion includes great many activities such as, purchase material, premiums, promotional contests, price deals, shows and exhibitions etc. But not all these activities are carried out by Levers in their sales promotional campaign of Rinso. They consider that only premiums and samples are practicable as sales promotion efforts in this country and that other activities are too complex and too expensive to be implemented here. and put product into the market. The premium offered then was a combination sale.

A Rinso Premium is defined as a practical and physical addition to the persuasion to buy. In another words, it is an item offered outright with a specific purchase of a product as an inducement to buy and consume that product. For Example tooth paste given with a kitchen cleaner. The main idea is to give something for nothing and hence increase the sales through it. purchases. One man's singlet was offered free for the purchase of 2 packs of Rinso.

There are many purposes why premiums are used in the sale of a product. But we will only consider those that are relevant to our product Rinso. The first purpose is that premium is a device for getting an immediate and immeasurable increase in sales. Owing to the fact, that Rinso is low-priced and is competing in a highly competitive market it becomes necessary to use premiums in order to increase its sales. Further Television has heightened the interest in premiums because it provides an effective way to portray and demonstrate the virtues of premiums. Another purpose of premium is to introduce new products into the market. In our case, Rinso was only recently introduced hence in order to boost its sales premiums have to offered as an incentive. The other minor purposes

for the purchase of 1 pack of Rinso. This is also a product forming are to meet the stiff competition offered by the rival firms in the market, to hold established customers and to widen distribution and to increase the amount purchased by the consumer. Sometimes premiums and discounts are offered to dealers to encourage them to sell more of the product. In our case Levers have offered a trade discount to the dealers for buying normal packs of Rinso to be used in their households.

There are many classification of premium. A premium issued without cost to those who buy the product is called a give away premium. In this, the producer bears the whole amount of money that is used for the purchase of a premium. A premium for which the consumer is obliged to pay a nominal sum is called self-liquidating premium, for money received serves to defray the costs of the premium itself and cost of packaging it. Usually the payment asked for a self liquidating premium is low because it is made possible by the producers purchase of the premium in very large quantities. Another type of premium is termed as combination sale. Here an extra package of the product is offered at the price of one package or a related product is offered or a product forming part of the producers family of products is offered. In our case 2 forms of premiums are offered with the purchase of Rinso. They are namely the give-away premium and the combination sale.

The chief ways of distributing a premium as carried out by Levers are by attaching to the package of the product (that is on pack) and by giving at the store when the product is sold (that is on purchase). Levers offered premiums for the purchase of Rinso at 5 different periods. The first premium was offered in October, 1967 when Rinso was introduced as a brand new product into the market. The premium offered then was a combination sale. A Rinso pack was given free with the purchase of another that is 2 packs of Rinso were sold at the price of one. The reason behind this was to get the public accustom to the product qualities and brand name. The next premium was offered during the end of November and early part of December, 1967. The premium offered then was a give-away premium and this was given on purchase; One man's singlet was offered free for the purchase of 2 packs of Rinso.

It was in late January, 1968 that the next premium was offered. The premium offered was also a give away premium and this was given also on purchase. A pair of children's socks were offered free for the purchase of 2 packs of Rinso. The next premium offer was during the end of March and the beginning of April, 1968. The premium offered then was an on pack combination sale. Two lux soaps were offered free on pack for the purchase of one Rinso pack. It should be noted here that the last premium offered was a product forming part of the producers family of product.

In July, 1968 Levers offered a premium of combination sale on purchase. The premium offered then was a medium VIM tin for the purchase of one pack. -14-

towards ideas, trade marks, brands or institutions featured.

In order to understand advertising it is important that we should know how advertising is classified. Advertising is usually divided according to the area covered, type of product being advertised, and the type of demand the advertising is aimed to create. According to area covered, advertising can be classified as National Advertising, Regional Advertising, and Local Advertising. National Advertising is used to denote the advertising done by the producer on a nationwide scale. Regional Advertising is confined to one region of the country. This is usually conducted by the wholesaler or the retailer of the product that is to be promoted. Local advertising is confined to one trading area or city. It is the last type of advertising that is carried out for Rinso. Advertising of Rinso in the various medias of promotion is carried out within the city limits of Kuala Lumpur.

This form of regional advertising is sometimes known as 'Zone Plan'. In this form of advertising the advertiser tries out his advertising campaign on a small scale that he can easily control. He can discover and correct any weaknesses that may exist in the advertising campaign before too much damage has been done to his finance or his reputation in the market.

Another form of advertising is termed as product advertising. Products are classified in various ways. Firstly, they can be classified into 2 major components. They are namely consumer and industrial goods. Consumer goods are those goods which satisfy the public's personal wants and desires. Industrial goods are those which are used in the production of other goods. In another words, they are purchased not as a result of direct want or desire but as a result of a direct desire to produce some other goods. An important thing to note here is that both these 2 types of goods are advertised differently. The advertising messages contain different appeals, the media selected for one is entirely different from another.

Both these goods can further be subdivided. Consumer goods can be classified into convenience, shopping and speciality goods. The functions of advertising and problems associated with it differ for each type of the consumer goods. Hence it is important for the producer to classify his product. In our case, Rinso is a convenience good and hence it is frequently purchased. Levers therefore distribute it in every possible outlet. In their advertising they seek to familiarize the consuming public with the name of their product and its want satisfying qualities

Further, in this type of advertising the advertiser tends to establish a favourable attitude towards the product by the consumer. The reputation and prestige of the product is also tremendously built up so that the consumer will only buy this

consumers and they proceed to do this by showing the advantages product instead of the competing brands. It is interesting to note here is that the name of the company is completely dropped down and no emphasis is given on it. Livers advertise a number of products in the market but in all of their advertisements they do not place any emphasis on their own company name. Hence it can be conveniently said that for Rinso too product advertising is being carried out. The advertising for Rinso just tells and describe to the public what Rinso can do for consumers but it does not tell who produce them. The name of the producer is only written on the box of the product. Even on it it is written down on a corner in very small letters. Hence it can strongly be said that Livers do not go for prestige of the company's name like Rothmans who market their other brands like their White Horse with their company's name. This can be seen clearly in their advertisement in which they advertise their other brands as 'the name of Rothmans is the guarantee for the quality'. an idea or proposition held by one party (that is the producer) is delivered to another party (that is the consumer).

Advertising can also be classified according to the demand that exists for a product. There are always 2 types of demand for a product. They are namely primary and selective demand. The former is said to exist when the product is introduced into the market for the first time. The stage when a completely new product is introduced into the market is termed as the pioneering stage or the introductory stage of the product. The advertising at this stage is usually aimed at making previous conceptions appear outdated. In another words, primary demand advertising has its goal the stimulation of demand for a class or category of product. In our case it is washing detergent. Here usually the advertising would be to show that ordinary washing soaps are outdated as compared to non-soapy detergents. After sometimes competitors come into the market with the same product but under different brand names. These different brands have very little difference between them except for their brand names and want satisfying qualities. This stage of multi-brands is termed as the competitive stage. The innovator has therefore to change his form advertising because the consumers have already accepted the product and their main question now in their mind is which brand gives me 'the best buy'. In another words the demand for the product becomes selective. The purpose of advertising here therefore varies from the former in that it attempts to show the reasons why a particular brand of a product will fulfill its purpose better than the other brands. In short, selective demand advertising attempts to create demand for a particular brand within a product type. In our case, it is Rinso, one of the many brands that is competing in the detergent market.

As it can be seen clearly that Rinso is in the competitive stage and hence the demand for it is selective. The problem of Livers is therefore to secure selection of their brand by the

consumers and they proceed to do this by showing the advantages that Rinso offers. For instance in their advertising of Rinso they try to show that it washes whiter than other detergents.

Levers main advertising objective is to expand the market for Rinso. Essentially there are 2 basic ways in which the market for any product may be expanded. Firstly, present users may be persuaded to increase their frequency of their use of the product. Secondly, new users may be drawn into the market for the product. Other advertising objectives of Rinso are to inform the consumers of the different characteristics of the brand so that consumers will switch from a competing brand like Fab to Rinso and to meet substitution of Rinso for other brands such as 'Fan', a detergent imported from China.

In concluding this chapter it can be said that advertising is essentially a method of communication. It is a method in which an idea or proposition held by one party (that is the producer) is delivered to another party (that is the consumer). Advertising is done in the hope that it will stimulate demand because consumers rely on advertising as an assurance of the qualities of the product being advertised. This increase in demand means sales of the company's product thereby increasing the profit of the company.

For any promotional strategy to be effective it should have a well planned advertising campaign. If the production capacity of the company is such that it cannot handle the extra demand created then it is not in the interest of the company to do heavy promotion. Moreover, if the company is not large enough it would be impossible for it to incur heavy promotional expenditures due to a very tight budget and hence they have to rely on personal selling for sales of their product. Personal selling is also sometimes not feasible because of the fact that large amount of money has to be spent to maintain a large well-trained and efficient sales force. In our case Levers is a large business concern and hence it has no problem as for promotional expenditures are concerned. Comparatively speaking, it has a bigger budget than the rest of the companies that are found in Malaya. On the contrary it has a very small budget as compared to some companies in the western countries. Furthermore, its production capacity is such that it would be able to cope with the newly created demand by the heavy promotion through mass media.

The next factor is the type of product that is to be promoted. The product analysis helps in deciding what media to use to promote the product. For example, in the case of Rinso it is a convenience good and hence it should be promoted through mass media such as Television. Further, the stage of the life cycle of the product is also important because at the introductory stage the customer must be informed of the availability and quality of the product. Hence mass media is important for

promoting such kind of product. Rinso is in the introductory stage and hence it is not surprising that Levers give so much promotional exposure to it than their other products. Moreover, if product analysis was not carried out it would be impossible for the producer to know who really use the product, how it is used, and what standing does it has to the public etc. If the producer is in position to know the answers for these questions he would be able to put forward the right ideas into his promotional message. This would be able to formulate a very successful promotional strategy. In our case, Rinso is mostly used by housewives and Levers in order to attract

CHAPTER VI

PROMOTIONAL STRATEGY AND EXECUTION

Factors considered for Formulation of Promotional Strategy

For any promotional strategy to be effective it should have a well planned strategy behind it. This promotional strategy as it is sometimes called depends on a number of factors such as the size of the company, the type of product being promoted, the type of consumers and the competition prevailing in the industry.

Letly, it is important for a firm to analyse her products in order to decide the right promotional strategy. The size of the company plays an important role in deciding what type of promotion the company can afford. For instance if mass media were used can the company handle the extra demand that would be stimulated as a result of the heavy promotion for the product. If the production capacity of the company is such that it cannot handle the extra demand created then it is not in the interest of the company to do heavy promotion. Moreover, if the company is not large enough it would be impossible for it to incur heavy promotional expenditures due to a very tight budget and hence they have to rely on personal selling for sales of their product. Personal selling is also sometimes not feasible because of the fact that large amount of money has to be spent to maintain a large well-trained and efficient sales force. In our case Levers is a large business concern and hence it has no problem as far as promotional expenditures are concerned. Comparitively speaking, it has a bigger budget than the rest of the companies that are found in Malaya. On the contrary it has a very small budget as compared to some companies in the western countries. Furthermore, its production capacity is such that it would be able to cope with the newly created demand by the heavy promotion through mass media.

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Lastly, it is important for a firm to analyse her products in order to formulate a right promotional strategy because by putting forward the physical properties of the product to the consumer the demand curve for the product becomes more inelastic in the sense that the consumer becomes more conscious and hence more interested in the physical properties of the product than its price. In short, the consumer becomes more quality conscious than price conscious. It is important to note here that physical properties of a product cannot be known if product analysis was not carried out. Levers are also using such a promotional strategy and this can be seen by their advertisements of Rinso. In their advertisements of Rinso they state that Rinso has the power to wash clothes whiter than before. Hence it is not surprising that Rinso has a large market within the city limits of Kuala Lumpur.

The next factor is the type of consumer who uses the product. It is important for the producer to know who the consumers are, what income do they have and where are they located. If the producer knows the answers for these questions then it is very simple for him to formulate a promotional strategy. As has been said earlier, Rinso, was introduced by Levers in order to segmentate the market. It has been found by them that only Malays consume Breeze and very few Chinese consume that brand. Instead they tend to consume competitive brands like Fan and Fab. Therefore in order to attract the Chinese populace Rinso was introduced. It should be stated here that the Chinese unlike the Malays are located in the urban areas and their income is usually higher than average. Hence it is not surprising to know that the promotional strategy of Levers is well

planned since their test market is Kuala Lumpur, a town heavily populated with Chinese. If a firm knows who are the consumers of the product then it would be easy for it to advertise in such a way so that these people would be motivated to consume the product. The knowledge of consumers location is also important for a firm because of the fact that it would be possible for the firm to know what medias to use in order to reach them. For instance, if the consumers are located in the rural areas then Television cannot be used because they people in rural areas do not possess that media and hence they cannot be reached through it. On the contrary, Television would be best suited for consumers who are located in the urban areas. In our case, almost all the consumers of Rinso are located in the urban areas and hence it is not surprising to know that Television is one of the many medias used for promotion.

In addition to this, the income of the consumers denote the material well being of the consumers. If the income is low then very few medias would be available to the consumers since they cannot afford them. The only media that can be used to reach them is transportation advertising and point of purchase advertising. On the contrary, if the firm knows that the consumers of its product are rich then it would be able to use whatever media, because of the fact that these type of consumers can be reached through them. In our case, the consumers using Rinso are of the Middle Class and hence almost all the medias can be used to reach them.

The last factor that should be considered in the formulation of a promotional strategy is the competition encountered by the company. In planning promotional strategies the marketing executives must be aware of the activities of the competitors. For instance, it is advantageous for the firm concerned to know what are the promotional objectives of the competing firm because it would then be easy for the firm to counter attack the competing firms thereby making them fail to achieve their objectives. Further, the firm concerned can plan in such a way that their plans are all negatived. Levers followed suit in a price deal and offering of premiums when their competitors strategy was to use them in increasing their sales. On the contrary, Levers competitors did not offer anything when Levers offered premiums at different times.

Criteria for Selection of Medias

The vehicle that carries the advertising message is spoken of as the media. The chief promotional medias are printed medias such as magazines published weekly, monthly and

anually, daily newspapers, pamphlets etc., broadcasting medias such as radio, television, rediffusion etc., outdoor advertising, transportation advertising, cinemas and point of purchase advertising. The strategy of selecting the right media to be used for promotion represents the cream of the promotional strategy of a firm. There are certain factors or criteria that should be considered by a company before it can decide on which media to use for its promotion.

The first of these factors is the market coverage needed by the company for its product. If the company concerned wants to cover the whole country national medias such as radio, television, national newspapers and magazines can be used to promote the product. On the other hand, if it wants to restrict its promotional campaign to a region then regional medias can be used. In our case, Levers use what is known as zone campaign. The zone, as has been said earlier, is the town of Kuala Lumpur and its suburbs including Petaling Jaya. Hence it is not surprising that they selected those medias that reach the people in this zone. The medias used are the local cinemas, rediffusion and the television. It should be noted here that although television is considered a national media, it is argued by Levers that the number of sets in the zone is comparatively more than in the other parts of the country.

Another factor to be considered in the selection of medias is the impact that would be left in the consumers' mind. A company will choose a media which helps to make the listener remember longer the messages and ideas conveyed through it. This indirectly helps the company in that when the consumer purchases a product he would naturally ask for the brand that was advertised because the name of the product and its satisfying qualities are revolving in his sub-conscious mind.

Last factor that should be considered in the selection of media is the amount of cost that would be incurred if the media is selected for usage. Usually a company selects the media which is cheap and at the same time covers a wide area in the sense that the product being advertised is seen by most, or read by most. It should be clearly understood here that the word 'cheap' is used in the sense that the cost incurred by using the media is much less than the revenue generated through the advertisement carried by the media. Hence the firm is able to make a further profit. It should be noted here that both cost and coverage needed are quantitative in nature and the impact is more qualitative in nature.

Levers have not selected printed media since almost all the newspapers are sold on a nationwide scale and since Rinso is

at that time and hence quite a number of Chinese would be viewing sold only in the test market and hence it is not profitable for them to promote through this media. But mention must be made here of Malay Mail, a local afternoon daily and Straits Echo, another local newspaper published in the north. Levers consider that although Malay Mail is a local newspaper, financially speaking, it is not economical to promote their product in it because of the fact that the circulation is very limited and furthermore the cost is high to promote through it. The other paper is completely out of question because it is published in a completely new zone. Further it is considered by Levers that if printed media were used the market covered would be very small owing to the fact that illiteracy rate is high in our country. Further the situation is worsened by the fact that the real consumers of Rinso are housewives and most of the Malayan housewives are illiterate with the exception of a few minority. On the other hand, Levers have chosen cinema and television because in their appeal for attention these medias are able to attract through both sight and sound. Further both have the additional advantage of motion. Because both the medias permit movement, it is used by Levers to demonstrate what Rinso can do for the consumers. For example in television advertisements a Rinso washed cloth worn by a small girl is compared with another cloth worn by another girl that has been washed by some other brands. This comparison would not be possible in any other media. Both these medias are excellent way in which to demonstrate premiums, constant future of products that have been introduced into the market only recently. Rinso is a product of this category and hence Levers use this medias to demonstrate their premiums.

Execution of Promotional Strategy

Levers execute their promotional programme through television in the form of what is known as a straight commercial. These straight commercials are advertisements shown in between the various programmes of the television. These straight commercials are shown in television through films. Rinso advertisements are usually shown for about 3 days in a week at 6, 8 and 9.30 P.M. The language used is all three languages - Chinese, Malay and English. After 6 P.M. the advertisement is usually in English because of the fact that many Indians would be viewing the television at the time because of the fact that Tamil news is on the air at the time. Further, it is followed by cartoons and hence they find it the right time to advertise the English version of the advertisement. After 8 P.M. Rinso is advertised in Chinese because of the fact that Chinese news is broadcasted

at that time and hence quite a number of Chinese would be viewing the television at that time. Thus the advertisement would have more effect than at any other time. The same is true at 9.30 P.M. when the advertisement of Rinso is done in Malay. This is due to the fact that prior to the advertisement Malay news would have been broadcasted and hence the viewers would mostly be Malays. Thus it would be more effective than at any other time.

In rediffusion the promotional programme is executed by Levers in the form of non-integrated commercials. In this the announcer delivers the promotional message. Sometimes a conversation takes place between 2 people usually women. This is because Levers want to attract the housewives and hence female opinion is necessary as well as important to tell them the real advantages of using Rinso than using some other competitive brands. Rediffusion is used much more than television because it is much cheaper. The language used in rediffusion is Chinese only. This is because of the fact that the people Levers want to attract is the Chinese and hence the advertisements have to be executed in a language that can be understood by the target group.

Transportation advertising is used in the form of signboards in local buses. The 2 main companies of buses selected for this purpose by Levers is the Tong Fong and Sri Jaya Bus companies. The language used is English and Chinese.

In a multiracial country like ours it is impossible to carry out promotional activities in one language. Hence it is not surprising that Levers carry out their advertising in 3 languages. The language used are Malay, the national language of the country, English, a common language known to all the races in the country and Chinese, the language used by the target group. For Rinso emphasis is given to the Chinese language advertisements because their main aim is to increase the number of consumers of Rinso among the Chinese populace.

The execution of the promotional activities can be conducted by the company itself if it desires to do so but at the same time it can also hire services offered by a separate entity known as the advertising agency. The growing popularity of advertising agencies is due to the fact that expert services are offered by them at a low cost as compared with the cost of company having its own advertising department. Though a firm uses an agency for its promotion it must nevertheless establish an advertising officer for co-ordination between the company and the agency. Further, he should also act as a control device for the company within the agency. In short, he should act as liaison officer between the company and the agency. Levers only carry out

sales promotion and personal selling., through their advertising department. They conduct their advertising programme through their advertising agency known as the Lintas Advertising Agency Company. This company is a subsidiary of Levers and hence it is not surprising that 85% of their business comes from Levers. Lintas main job is to plan, create and place effective advertising for all the products of Levers including Rinso.

As has been said earlier, that although Levers implement their advertising programme through an advertising agency they have their own advertising department. This department is headed by a promotional manager and his duties as far as the execution of the advertising programme is concerned are to pass upon the advertising policy of the management to the agency and keep it informed of changes in these matters,. His other duties are to prepare and execute sales promotional activities and to keep the sales force informed of forthcoming promotional activities. Further, the promotional manager is the trustee of advertising appropriation and he is responsible for its effective investment in promotion and for the administration of the promotional funds. He is also responsible to prepare both financial and progressive for management so that the latter will be kept informed regularly about promotional matters of the company.

The scope of the duties and the degree of importance allotted to the promotional manager varies with different businesses. But since Levers is a large business concern it is not surprising that the promotional manager has heavy responsibilities. Mounting competition and because of this firms have to rely on what is known as product differentiation and this can be achieved only through heavy promotion.

The promotional budget in Levers is drawn out by the promotional manager, sales manager and the marketing manager together with the participation of other interested executives. This budget is then sent to top management for approval. When it is approved the promotional manager is given the authority to administer the spending of the budget and to control the promotional expenditures.

Methods of Allocating Promotional Budget

The first step involved in drawing out a promotional budget is to determine the size of the future promotional expenditures and there are various methods to determine this. The first and the commonly used is the percentage of sales method. The procedure involved is very simple. A stated per-

centage is applied to sales volume figure and the money is appropriated accordingly. The percentage figure is usually decided upon industry averages or what the company has spent in the past. Sometimes it is based upon the anticipated future sales.

CHAPTER VII

PROMOTIONAL COST AND RESEARCH.

Developing a promotional programme is a complex process because it involves various steps. One of the steps involved is the determination of promotional expenditures. Today total promotional volume represents a large and spectacularly increasing portion of all business spending. As years pass by advertising volume as measured in terms of dollars spent is increasing tremendously. The reasons for this increase are the introduction of a new media - television-into our country. A few years back the introduction of commercial broadcasting both in radio and television, increase in number of magazines and newspapers circulated in the country, and the increase in the number of audiences of these medias are the primary reasons for the increase in the promotional cost. Furthermore, the increase in the rate charged by the medias is also another cause why promotional cost have shot up to such an appalling extent. Another factor for the increase in promotional cost is the fact that marketing has relatively become more important with mounting competition and because of this firms have to rely on what is known as product differentiation and this can be achieved only through heavy promotion.

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The first step involved in drawing out a promotional budget is to determine the size of the future promotional expenditures and there are various methods to determine this. The first and the commonly used is the percentage of sales method. The procedure involved is very simple. A stated per-

entage is applied to sales volume figure and the money is appropriated accordingly. The percentage figure is usually decided upon industry averages or what the company has spent in the past. Sometimes it is based upon the anticipated future sales.

Another method used is the objective task method. This method involves 2 steps. The first step is to determine the objectives of the promotion and the second step is to make a careful estimate of how much money is needed to attain these objectives. In short, the task method is designed to arrive at a promotional budget capable of implementing the promotional objectives of the company concerned. The difference between the former approach and this approach is that in the first approach the total cost is derived altogether whereas in the second approach the appropriation is built up item by item.

The last method to be discussed here is the competitive parity approach. In this method the company concerned will try to match its promotional appropriation according to that of the competitors. There are advantages as well as disadvantages to all these 3 methods but the writer thinks that it is irrelevant to discuss them here.

Television takes the place of first importance according to allocation. As far as Rinso is concerned, Levers use only one method to determine their promotional cost. The method they use is the objective task method. In formulating their budget by this method they first clearly set forth their promotional objectives. With these objectives in mind they determine the task involved. The task is usually determined in quantitative factor. In another words, the task is to attain a mount of sales figure. Supposing their task is to reach a slaes figure of 100,000 packets of Rinso monthly then they budget for promotion of this amount with the help of the rates that are charged by the medias.

Levers consider that a budget cannot be rigid and that it must contain some flecibility. Therefore, it is not surprising that they include a contingency fund in the budget. They earmark a certain amount of money above and beyond the regular budget and the company uses this in case of emergencies. As the promotional manager of the Levers (Malaya) Co. Ltd. puts it ' the emergency fund is included in the budget so that it can be used when unforeseen circumstances arise.'

Allocation According to Promotional Mix

As far as allocation of promotional cost according to promotional cost according to promotional mix goes, Levers give more emphasis to sales promotion because more than 50% of

their budget allocation goes to sales promotion . This is only natural because they have to resort such things as premium, an ineffective tool of sales promotion, in order to provide a reason for the consumers to buy their brand Rinso. Here most of the budget allocation is spent on purchasing the premium rather than in the sales promotion itself.

Advertising is of next importance according to allocation of promotional cost. About 35% of their promotional budget is allocated to advertising. The reason why advertising has taken a second place to sales promotion unlike Western countries because advertising environment here is not well developed like those of Western countries. Furthermore, as has been stated earlier Rinso is in its introductory stage and during this stage greater sales promotional efforts needed than advertising efforts. Personal selling accounts only for about 15% of the budget allocated and the primary reason behind this is the difficulty in maintaining a large, well trained and effective sales force.

Allocation according to Medias

Television takes the place of first importance according to allocation of cost in the various medias. This is due to the obvious reasons that have been stated earlier. After television cinema is the next important media. Levers spent about 30% of their budget in promoting Rinso through this media. The reason here is also obvious because the rate of picture goes is high in Kuala Lumpur. This is due to the fact that it forms the core of a weekend entertainment which is cheap at the same time relaxing for the people at large. This means the coverage of the audience reached would be fairly large. Thus Levers would be able to attain their goals at a very low cost. Other than these 2 medias Levers spend about 20% of their promotional budget in advertising in the Rediffusion. This is due to the fact that possessing a rediffusion is very cheap and hence people of all walks would be able to have a rediffusion. This means that Levers advertising programme would be heard by quite a large audience which in turn denotes that their programme would penetrate into more minds of the consumers and this might result in an increase of sales of their product Rinso. Lastly about 5% of the promotional budget is spent on transportation advertising . This is of minor importance because only the Lower class and the Lower Middle class use these means of transportation because they cannot afford their own means of transportation. Most of the Upper Middle class possess their own means of transportation. Since the latter class forms the core of the consumers of Rinso it is only natural that it would not be possible for them to notice this advertisements. Hence the effectiveness is fairly reduced

It can be stated that Levers try their very best to allocate their promotional budget according to the medias that give the most benefit and at the same time cheap. Further, management always view promotional cost as an investment and hence they allocate according to the return that would be attained from the investment. Lastly, Levers measure carefully the proposed expenditure on promotion against the potential profit contribution that will be derived from that volume of promotion. If they find that the profit contribution does not seem likely to contribute substantially more to profit than its cost within a reasonable period of time the expenditure is not approved. This research is also not carried out by Levers because of reasons stated earlier, in this chapter.

Market Research

In concluding this chapter it can be stated that Levers do not. As a firm becomes more complex it becomes imperative for it to conduct its own market research. Broadly speaking research is any organised inquiry in search for facts. Market research as applied to promotion helps the management of a firm in 3 ways. There are namely the Advertising Message research, the Motivational research, and research in the effectiveness of promotion. Here only the first 2 will be dealt with in relation to Levers. The last research, however, will be discussed in the next chapter.

Promotional research is essentially an aid to the decision making process. With the aid of research, the promotional manager would be able to select the right amount of funds for the promotion of the product and to use the right promotional strategy. Research reduces the area of uncertainty which is always prevalent in the market owing to the fact that it is dynamic and not static.

Advertising message research is carried before and after advertisements are published, heard or viewed in order to select the best type of advertising message. The tests carried out before advertising are known pretests and the tests executed after are termed as post publication tests. The writer does not wish to elaborate on these tests because he considers them irrelevant owing to the fact that Levers do not carry out such tests. There are many reasons behind this, The first and the foremost is that such kind of research are lengthy and at the same time expensive. Further, Levers suffer from lack of funds and staff, the 2 main factors needed in executing the survey. This kind of research needs experts and Levers do not have any. Lastly, Levers of Malaya are a young firm unlike their counterparts in Great Britain. Hence it is impossible for them to carry out such kind of research.

Motivational research is carried out to secure inform-

ation about the reasons that motivate a consumer to buy certain brand of certain product. The main difference between this and the ordinary form of promotional research is that the latter is primarily concerned with answers to who, what, when, where and especially how many of buying. On the contrary, the former concentrates mainly on the question of why, particularly on needs and attitudes that the consumer cannot consciously or will not knowingly reveal. This research is important to any firm because of the fact that if the promotional manager of the firm knows the real reason why his brand is purchased by the consumers it is easy for him to plan his promotional strategy accordingly. This research is also not carried out by Levers because of reasons stated earlier, in this chapter.

In concluding this chapter it can be stated that Levers do not take much interest in such kind of research because of reasons such as lack of funds, staff and experience in this field.

promotional programmes that would be executed in the future, to select the best form of promotion for the future and to add to the store of knowledge on promotional efficiency. There are a number of methods used for evaluating the success of the promotional activities of a firm. These number of methods used for evaluating the success of the promotional activities can be grouped into 2 main class namely sales response evaluation and non-sales response evaluation.

Levers do carry out their own research in order to find that whether their advertising programmes are effective or not. The ultimate purpose of Levers is to increase sales profitably. Therefore it would seem that a test which would tell them how sales would be affected by a promotional programme would be the best test available to them to evaluate the success of their promotion. This would be true if only one factor - promotion - affected sales of their product. But because of the presence of many uncontrollable factors that affect sales it would be hard for Levers to determine the effectiveness of their advertising programme through a sales test alone.

Therefore Levers resorted to a combination of 2 methods - the sales response test and a non-sales response test - to determine the effectiveness of their promotional programme. It is argued by Levers that promotion must function as a communication before sales can be influenced. Hence they have formulated a test to measure the communication performance of promotion in terms of seen, noticed or read most. In short, they consider that persuasion is a gradual process and that the function of promotion is to influence peoples purchasing attitude favourably towards the product and hence they have designed their test to measure the image of the product among the consumers. This type of test is termed as Brand image study. In this study Levers

CHAPTER VIII

EVALUATION OF THE SUCCESS OF PROMOTION

Methods of Evaluating Success of Promotional Activities

The ultimate goal of every firm that does some form of promotion is to develop a yardstick which can be used to measure the performance of an advertising programme. The reasons advocated for such a research are to avoid costly mistakes in the promotional programmes that would be executed in the future, to select the best form of promotion for the future and to add to the store of knowledge on promotional efficiency. There are a number of methods used for evaluating the success of the promotional activities of a firm. These number of methods used for evaluating the success of the promotional activities can be grouped into 2 main class namely sales response evaluation and non-sales response evaluation.

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is more concerned to know what ideas the consumers have about the product, how many people are aware of the brand and how many people know the features, advantages and benefits of the products. The concept of brand image also helps Levers to explain why their product and their competitors' products are purchased by people. In short, the over-all picture of the brand that exists in the minds of the consumer is termed as the brand image.

Levers argue that the consumer is the king and if his opinions and attitudes towards the image is not favourable then he would not buy Rinso. They further consider that the purchase of the advertised product is a delayed response. To bridge the time lapse between the initial seeing of the advertisement and the purchase of the product lasting impression must be made. This impression according to Levers can be made by projecting a strong image of the product. This image then will be retained long enough to influence the purchasing behaviour of the consumer at the point of sale.

Levers find it very economical and simple to carry out this brand image study because Rinso is on a test market and hence the area to be covered for the study is very small. Levers conduct their brand image study research on a personal basis. The interviewers go into the homes of the consumers and put forward questions to them enquiring about the image of the product in their mind. If they have a favourable image then they are considered as a consumer or a potential consumer of Rinso. In this way the increase in the number of consumers is known and if they find that after a certain period of promotion that there is an increase in the number of consumers then they consider that their promotional activities have been effective.

The next form of measuring promotional effectiveness as carried out by Levers is the into home penetration survey. This survey is carried out once in 3 months and measures the flow of Rinso into the homes of the consumers. Levers consider that the function of promotion is to create brand awareness, changing consumers' attitudes etc. and the final payoff or result of promotion is sales. Therefore, they argue, that it is through sales that promotional effectiveness can be measured. Levers sales records do not reveal the actual sales to the consumers. But they only show the shipments to the distributors. Therefore they consider that into home penetration survey would be a best way to know what is the actual sale. In this approach consumers are asked whether they buy Rinso or any other competitive brands. If the consumer answers that he stopped buying competitive brands and is now purchasing Rinso then they consider that Rinso has penetrated into his home. In this way the total aggregate is

obtained and if it is found that it has increased from the previous aggregate then they consider that their promotional efforts have been effective.

Another method by which Levers measure advertising effectiveness is by measuring the percentage of share gained in relation with the competitors. Levers measure the percentage gained with the aid of their into home penetration survey survey because when it is found that their product Rinso has penetrated into a household then it means that their share of the market is increasing at the expense of the competitors. The total aggregate of this penetration into the households of the consumers would give the percentage of share gained from the competitor.

Only a limited number of methods are being used by Levers to measure the effectiveness of their promotional activities because they are expensive and time consuming. Furthermore, they require technical skills which Levers do not have in plentiful supply.

In concluding this chapter it can be stated that even though promotion has assumed a large part in the selling efforts of Levers progress in the measurement of its effectiveness has been slow. This might be due to some major factors such as lack of technical skill, finance and minor factors such as time consuming etc. Hence it is not surprising that Levers do not take much interest in this field of promotion as their counterparts do in the United States and in Great Britain.

This financial problem can only be solved through time. As years pass by, the companies like Levers would expand their market and this means their profits would increase. If the profits are increased then they would be in a position to spend more money on promotion. However Levers the lack of finance is due to the fact that Rinso is in the test market and hence very little money is available for promotion. If they decide to market Rinso throughout the country then the finance for promotional activities of Rinso would be increased. This would mean the media can be used more frequently.

Another problem facing Levers is the lack of technical skill and experience in the promotional field. Because of this lack Levers are not in a position to carry out promotional research such as advertising message research, motivational research etc. Thus they are in a disadvantageous position because if they carry out this research it would benefit them and in the process the right advertising message would be put forward to the consumers, who naturally would be influenced by the message.

CHAPTER IX

GENERAL PROMOTIONAL PROBLEMS ENCOUNTERED

BY THE FIRM, SOLUTIONS TO THESE PROBLEMS

AND CONCLUSION

Promotional problems faced by the Company

There are many problems facing Levers as far as promotion is concerned. The first and the foremost problem is the lack of financial resources for promotion. Unlike their counterparts in the western world Levers have a very limited budget for the promotion of Rinso. Hence their spending on the different promotional mix is restricted. For instance, they are not in a position to increase their badly needed sales force because of financial difficulties. Furthermore, they have to restrict their frequency of usage of medias. This problem of finance is common to almost all the companies in this country. This might be due to the fact that they have been started only recently and hence they are not in a position to make profits. Since the profit is small they can spend only very little amount of money for promotion.

This financial problem can only be solved through time. As years pass by, the companies like Levers would expand their market and this means their profits would increase. If the profits are increased then they would be in a position to spend more money on promotion. But for Levers the lack of finance is due to the fact that Rinso is in the test market and hence very little money is available for promotion. If they decide to market Rinso throughout the country then the finance for promotional activities of Rinso would be increased. This would mean the medias can be used more frequently.

Another problem facing Levers is the lack of technical skill and experience in the promotional field. Because of this lack Levers are not in a position to carry out promotional research such as advertising message research, motivational research etc. Thus they are in a disadvantageous position because if they carry out this research it would benefit them a lot in the sense that the right advertising message would be put forward to the consumers, who naturally would be influenced to buy Rinso. This

lack of skill and experience in the technical field can be solved if Levers carry out a programme of sending their personals to western countries for training in this field. Furthermore, for practical experience they should be asked to work with Levers' counterparts in United Kingdom and the United States, owing to the fact that these 2 companies are very advanced in this field because of the fact that they are long established.

Another problem is that the market for Rinso in Malaya is small. The situation is further aggravated by the presence of stiff competition. This problem of market smallness can be overcome if Levers decide to export Rinso to our neighbouring countries such as Thailand, Indonesia and Phillippines. These countries form a potential market for Rinso.

Other than these major problems there are a few minor problems such as election of premium to be issued, media problem in the sense that the producer have to reserve in advance of 3 months for screening his advertisements in the cinemas. These minor problems have been overcome although they crop up from time to time.

Malacca	6,642	5.2
<u>Conclusion</u>	16,679	16.0

The primary goal of any business concern is to maximise profits. Therefore promotional executives are responsible for seeing that promotional expenditures yield the highest possible returns. Hence it becomes important that every facet of the promotional program must be co-ordinated well in order to achieve the desired ends. There are 2 kinds of co-ordination in promotion. First one is termed as internal co-ordination. This denotes that the internal elements of the promotional programme must be properly co-ordinated in order to attain the desired result. The other type of co-ordination is external. It should be realised that promotion only forms a part of the marketing field. Hence promotion in order to be successful must be properly integrated with the other elements of marketing mix, such as distribution, pricing etc. Levers co-ordinate internally as well as externally their promotional activities in order to attain maximum returns from promotion.

+ This includes the figure for Kuala Lumpur and

Petaling Jaya.

The figures given above do not include licences issued through Rediffusion (3 only).

TABLE I

TELEVISION LICENCE FIGURES PER STATE AS

AT 31ST MAY, 1968

State	TV Licences	%
Kedah and Perlis	7,129	6.5
Penang and Province Wellesley	16,945	16.0
Perak	19,883	18.0
Selangor+	35,848	32.0
Negri Sembilan	5,276	4.0
Malacca	6,642	5.2
Johore	16,679	16.0
Pahang	289	0.25
Kelantan	2,912	2.0
Trengganu	25	0.05
Total	111,628	100.0

DIFFERENT

Year	Production (in ,000cwts)
1962	384
1963	450
1964	471
1965	397
1966	609
1967	500
Total	2,999

+ This includes the figure for Kuala Lumpur and Petaling Jaya.

The figures given above do not include licences issued through Rediffusion (Sound only).

TABLE 2

TELEVISION LICENCE FIGURES PER STATE

AS AT 31ST DECEMBER, 1966

Year	Malays	Chinese	Indians	Total ⁺
state				No.
Kedah and Perlis				4,598
Penang and Province Wellesley				12,484
Perak				113,506
Selangor ⁺				55,153
Kuala Lumpur and Petaling Jaya				20,688
Negri Sembilan				4,022
Malacca				5,173
Johore				11,125
Pahang				129
Kelantan				838
Total				79,803

TABLE 5

+ excluding Kuala Lumpur, Petaling Jaya and their suburbs.

TABLE 3

PRODUCTION OF SOAP AND WASHING

DETERGENT

Year	Production (in ,000cwts)
1962	384
1963	450
1964	471
1965	3397
1966	669
1967	588
Total	2,959

Source: Statistical department.

TABLE 4

NUMBER OF TELEVISION VIEWERS IN MALAYA

Year	Malays	Chinese	Indians	Total+
1964	-	-	-	28,125
1965	14,645	18,702	4,577	49,216
1966	28,842	30,458	7,810	75,322
1967	40,910	42,313	11,030	104,512

+ This figure includes others too like Europeans.

TABLE 5

HOUSEHOLD GOODS CONSUMPTION IN
MALAYA

Year	Consumption (in Million \$)	
1960	57
1961	63
1962	67
1963	68
1964	76
1965	83

About 5 to 10 percent of the household goods consumption is composed of consumption on washing detergent.

All	\$10 per week per 1000 audience	\$15 per week per 1000 audience
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* The figures for Rediffusion are not available.

TABLE 6

AVERAGE CONSUMPTION OF WASHING DETERGENT BY CHINESE
HOUSEHOLDS IN URBAN AREAS ACCORDING TO INCOME GROUP.

\$1 to \$150	\$151 to \$300	\$301 to \$500	\$501 to \$1000	All incomes
Value in \$				
1. What are your promotional objectives?				
2	3	4	5	3.5

TABLE 7

MEDIA RATES FOR

PROMOTION

Television

Language	30 sec. filmlet	60 sec. filmlet
National Language	\$247	\$454
English	\$304	\$558
Chinese	\$362	\$665

Cinemas

Language	30 sec. filmlet	60 sec. filmlet
All	\$10 per week per 1000 audience	\$15 per week per 1000 audience

This appendix does not aim to give all the questions that were put forward to Mr. Chew, the promotional manager of Levers but only a selected few.

+ The figures for Rediffusion are not available.

APPENDIX I

SAMPLES OF QUESTIONNAIRES USED IN INTERVIEW THE SURVEY COMPANY

1. What are your promotional objectives? at for Levers?
2. How do you develop a promotional strategy for your product?
3. How do you decide on the selection of the medias?
services rendered to Levers company?
4. What methods do you use to evaluate the success of your
promotional activities? the problems of promotion
as far as Kingo is concerned?
5. Do you carry out any promotional research? If so, what are
they?
6. What methods do you use to allocate the promotional budget?
7. What are your general promotional problems?

This appendix does not aim to give all the questions that were put forward to Mr. Chew, the promotional manager of Levers but only a selected few.

APPENDIX II

SAMPLE OF QUESTIONAIRRE USED IN THE

INTERVIEW WITH LINTAS COMPANY

1. What type of promotion do you carry out for Levers?
2. How is your relationship with Levers company?
3. What is the form of payment you receive for your services rendered to Levers company?
4. What do you consider are the problems of promotion as far as Rinso is concerned?

This appendix only gives some of the questions used in the survey.

APPENDIX III

SAMPLE OF QUESTIONAIRRE USED IN THE INTERVIEW WITH THE TELEVISION DEPARTMENT

1. What are the rates of advertisements that you charge the producers?
2. How many television sets are there in Kuala Lumpur?
3. WWhat are the time when Rinso advertisements are broadcasted?
4. WWho actually deal with you for promotion of Rinso?

This appendix gives some of the questions used in the survey.